

# **Keeping the Lights On: *Resource Adequacy Overview***

**Illinois Commerce Commission**  
**Todd Ramey**  
**Vice President System Operations & Market Services**

**November 19, 2015**

# **MISO's goal is to ensure there are adequate resources across the footprint to meet demands of the changing energy landscape**

- **What is Resource Adequacy?**
  - The term Resource Adequacy refers to the electricity industry's ability to ensure sufficient generating capacity is available to produce the amount of electricity needed on those highest demand (peak) days and some “spare” amount that can be accessed in the event of an unexpected outage of one or more power plants or an extreme weather event like the Polar Vortex.
- **Why is Resource Adequacy important for consumers?**
  - Having adequate supply is essential to reliably and cost-effectively meeting customer needs through stable and transparent prices.

# The Balancing Act

- Day-to-day MISO reliably and efficiently balances the needs of customers with available supply through a centralized, competitive energy markets.
- Long term reliability (resource adequacy) is assured through mandatory reserve margin requirements (planning reserve margin).
  - Load Serving Entities must meet their load forecast plus their planning reserve margin – this can be done through
    - Owned resources
    - Controlled resources
    - Voluntary capacity auction



# **MISO is projecting declining reserve margins due to unit retirements and capacity resources committed outside of the MISO footprint**

- Historically, the MISO region has maintained capacity levels in excess of the required Planning Reserve Margin.
- However, the industry is experiencing shifts in the generation fleet due to a variety of policies and market fundamentals.
- Additionally, as of June 1, 2016, 2,320 MW of capacity is leaving MISO, committed to PJM- this is the equivalent of more than double the size of Exelon's Clinton Power Station.

# **MISO is evaluating long-term resource adequacy for Illinois to ensure mechanisms are in place to meet future needs**

- States with restructured competitive retail markets have certain unique needs from MISO's resource adequacy construct.
- MISO's current resource adequacy market delivers price signals reflecting short term excess which may become insufficient for these states to produce a timely signal for investment in new resources needed for the long term.
- Targeted reforms to MISO's existing resource adequacy construct for restructured competitive markets may be required to maintain existing, and incent future investments to help ensure a reliable electricity supply at the most efficient price, thus benefitting consumers.

# MISO is committed to evaluating issue with stakeholders and identifying next steps

- MISO is reassessing resource adequacy processes and procedures to ensure it can help and support those responsible to meet resource adequacy needs.
- MISO released an [“Issues Statement”](#) to its stakeholders on October 29, and will continue to work with stakeholders to identify next steps.